












peace dining



SUSTAINABILITY REPORT

2016 / 2017

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LETTER FROM PRESIDENT & CEO

Dear Stakeholders,

Peace Dining Corporation (PDC) is pleased to share the second edition of our Sustainability Report based on our 2016 performance. PDC is committed to disclosing the most accurate information about our sustainability initiatives to our stakeholders through annual sustainability report.

At PDC, our mission is to become the number one Japanese-inspired cuisine provider in the world with sustainable food and responsible service. PDC aims to be one of the most responsible food companies in the world by creating economic, environmental and social values in our society as we follow our mission. We are committed to promoting the well-being of our customers, employees, communities and the planet. We believe that corporations are responsible for establishing good environmental practices and operating in a sustainable manner. We are committed to minimizing our overall environmental impact by continuously improving our environmental performance. We seek to identify, measure, and understand the direct and indirect environmental impacts of our operations and mitigate those impacts. As you will see in this report, we made significant progress in 2016 for achieving our sustainability goals.

We were able to achieve ISO14001:2004 Environmental Management System (EMS) certification in 2016. We have achieved our target to source 100% sustainable seafood at the end of 2016. We only purchase seafood that is either ranked green or yellow by Seafood Watch or certified with third party ecolabel. We have made significant progress on our fleet emission reduction, waste diversion and water reduction targets. We have also completed systematic greenhouse gas inventory in 2016 and are working to set science-based reduction target as our response to climate change.

Traceability is our top priority. It helps to improve the sustainability of the supply chain. As a seafood company, we have opportunities to influence positively on the ocean ecosystem through our supply chain. We work closely with our suppliers to ensure that our company values are rooted throughout our supply chain. All of our suppliers provide some sort of certification or guarantee letter for the quality, safety and sustainability of their products.

Moving forward, we are always striving to do more and to do better. We will continuously focus to improve more on our major environmental aspects such as product sourcing, packaging, waste generation, greenhouse gas emissions and water use.

Thank you for your interest in Peace Dining Corporation and our Sustainability Report. Please feel free to contact us if you have any questions regarding our sustainability initiatives.

Sincerely,

Josh Onishi
President & CEO
Peace Dining Corporation



INTRODUCTION

► OUR MISSION

PDC's mission is to become the number one Japanese-inspired cuisine provider in the world with sustainable food and responsible service. PDC has been fulfilling its mission since 2005.

► CORE VALUES

PEOPLE

- Treat people with respect
- Have a positive impact on others
- Develop and support each other

PRODUCTS & SERVICES

- Provide delicious sustainable food and exceptional service
- Follow the highest safety standards
- Promote health and well-being

PARTNERSHIP

- Exceed expectations
- Create “win-win” opportunities
- Communicate openly and clearly

PLANET

- Respect the environment
- Serve and support our communities
- Lead in sustainable and eco-friendly sourcing



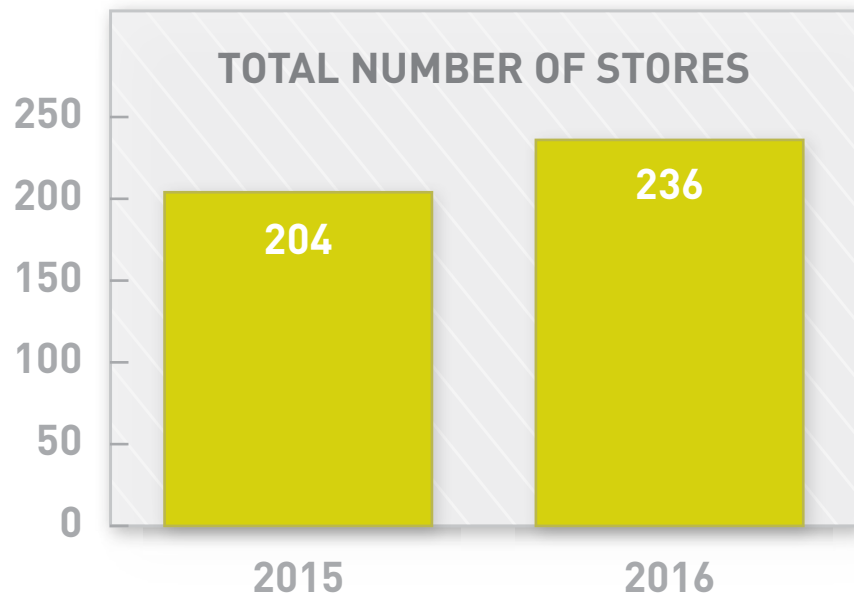
PDC CORE VALUES

► PDC OVERVIEW

Peace Dining Corporation (PDC) operates sushi and other Japanese cuisine restaurants under different brand names such as Genji, Mái Cuisine, and Mái-Franchise. It is the largest sushi provider to Whole Foods Market, serving in the United States (US) and in the United Kingdom (UK). PDC also has its own logistics facility under the name GHG Logistics. GHG's service area covers the entire East Coast - from Maine to Florida, and east of the Mississippi River. GHG Logistics' main warehouse is located in Allentown, PA. PDC is committed to operating and sourcing products in a sustainable manner.



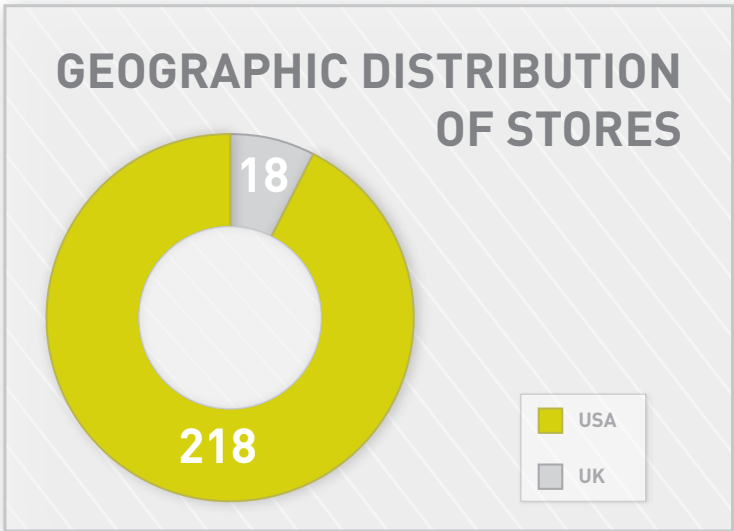
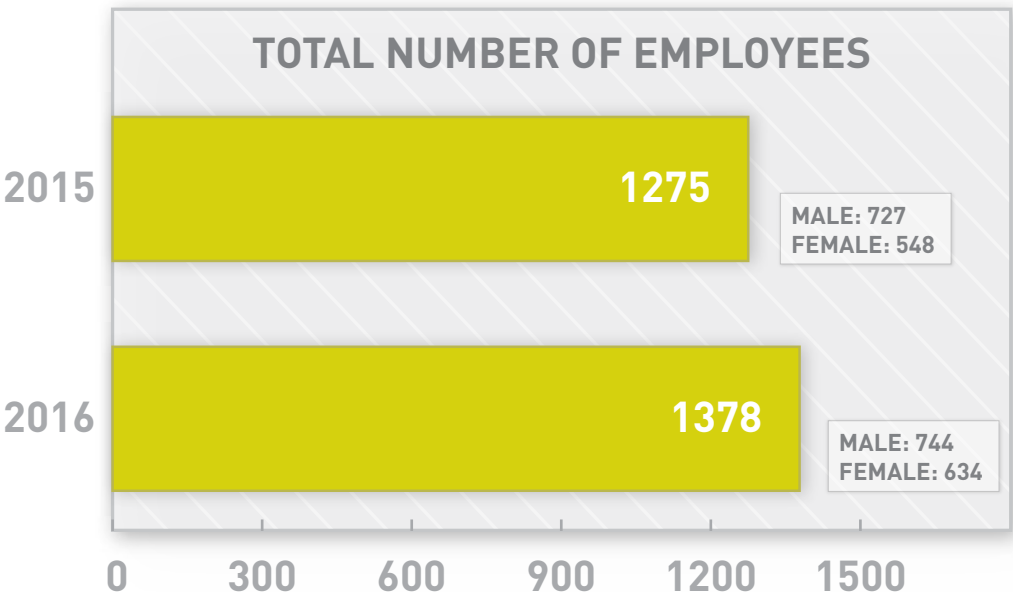
PDC AT A GLANCE



CALLOWHILL
Opened October 10th, 2016

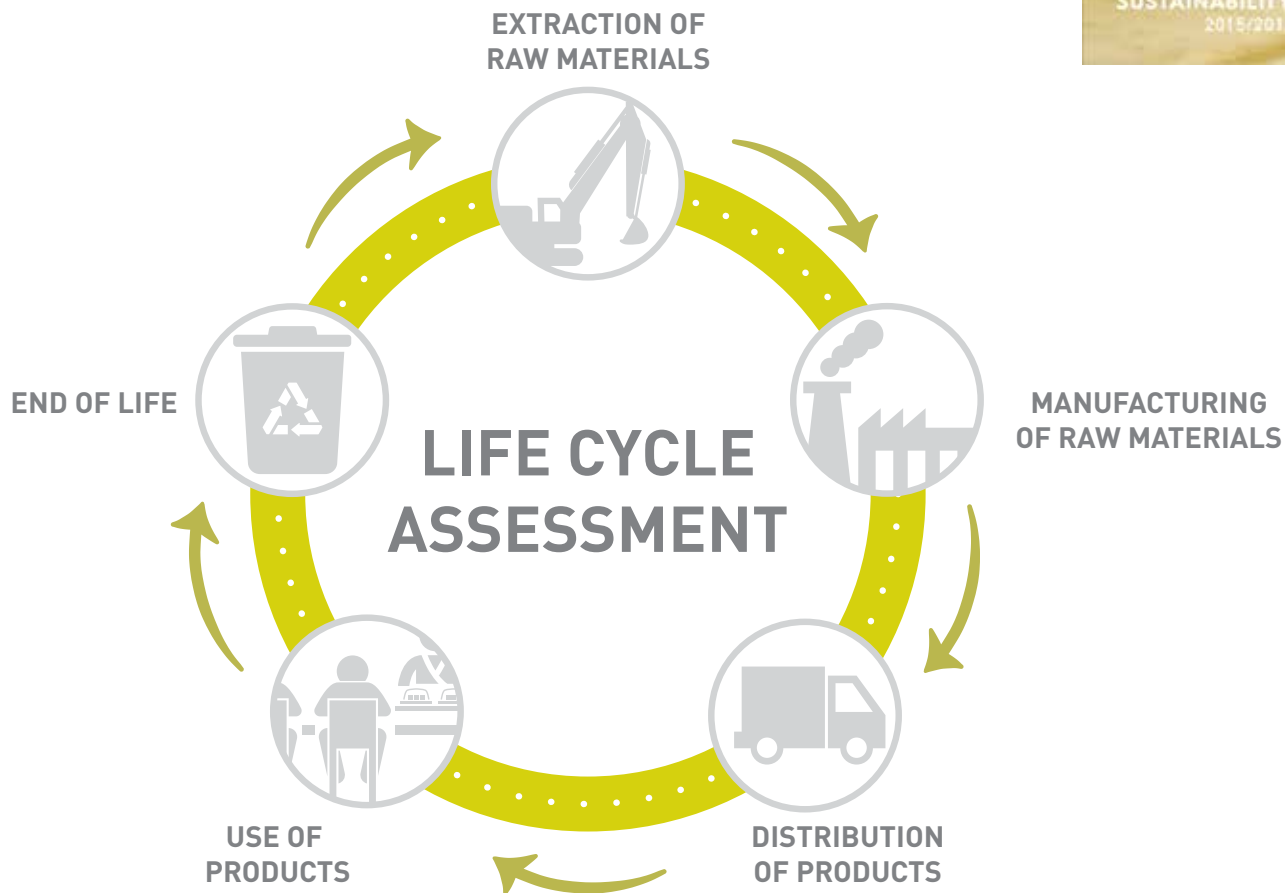


GENJI IZAKAYA
Opened March 1st, 2016



► 2016 SUSTAINABILITY HIGHLIGHTS

- Became the first sushi company in the United States to achieve ISO 14001:2004 certification.
- Achieved 100% sustainable seafood sourcing based on Seafood Watch green or yellow ranking and other ecolabels such as Marine Stewardship Council (MSC) and Best Aquaculture Practice (BAP) certification.
- Completed systematic greenhouse gas inventory of its operation by including all scope 1 and scope 2, and some of the scope 3 emissions.
- Implemented Life Cycle Assessment methods for selecting best packaging materials from three plastics (PET, PP and PS) packaging options.
- Published first sustainability report



► SUSTAINABILITY COMMITMENTS

Our planet provides us with a tremendous amount of resources, such as seafood and packaging materials, to run our business. We understand that all products and services required to run our business have an environmental footprint. Therefore, we are committed to tracking those footprints, developing programs to reduce and report our progress transparently. Our publicly announced environmental goals and commitments are motivating us to improve continuously. This report provides the information about our progress and activities on our sustainability goals and commitments. It includes the environmental objectives and targets set by the company and details progress achieved by the end of 2016.

The dashboard below provides the summary of the progress of our sustainability commitments.

OBJECTIVES & THEMES	TARGETS	PROGRESS
Environmental Management System (EMS)	<ul style="list-style-type: none"> Establish EMS based on ISO 14001 standard by 2017 	<ul style="list-style-type: none"> Achieved ISO 14001 certification for our warehousing, material sourcing, office operations, and logistics and distribution in October 2016
Waste Management	<ul style="list-style-type: none"> 15% increase in waste diversion rate at Central Kitchen by 2018 compared to 2015 Phase out Styrofoam packaging from our facility by 2016 	<ul style="list-style-type: none"> 4.8% increase in waste diversion achieved in 2016. Established partnership with EPA WasteWise program for increasing waste diversion. We have phased out Styrofoam from our facilities.
Water Reduction	<ul style="list-style-type: none"> 5% reduction in water consumption at Central Kitchen by 2018 compared to 2015 baseline 	<ul style="list-style-type: none"> 27% water reduction achieved in 2016.
Emission Reduction	<ul style="list-style-type: none"> 10% greenhouse gas emission reduction from fleet operations by 2017 Conduct systematic greenhouse gas inventory for PDC by 2017 	<ul style="list-style-type: none"> 13% intensity-based emissions reduced by 2016 compared to 2014 baseline. Greenhouse gas inventory for 2015 has been completed by covering scope 1, 2 and some of the scope 3 emission sources. Science based greenhouse gas reduction target will be set after completing the 2016 inventory.
Energy Conservation	<ul style="list-style-type: none"> Establish Computer Power Management (CPM) by 2017 Install motion sensitive lighting at Central Kitchen by 2017 	<ul style="list-style-type: none"> Not able to implement CPM due to some technical error. We will continue this project in 2017. Not implemented due to proposed moving plan. We will implement this in our new facility.
Sustainable Sourcing	<ul style="list-style-type: none"> 100% seafood purchase based on Seafood Watch color ranking or other third party verification by 2016 	<ul style="list-style-type: none"> We achieved this target. From Q4 2016, we are not buying any seafood that is not covered by the green and yellow ranking of Seafood Watch or not certified by other third-party.
Product Sustainability	<ul style="list-style-type: none"> 100% seafood purchase based on Seafood Watch color ranking or other third party verification by 2016 Increase the use of recyclable PET plastic containers and reduce the use of PS containers 	<ul style="list-style-type: none"> Only buying seafood based on Seafood Watch ranking (best choice and good alternative) or other third-party verified ecolabel. We were able to increase recyclable PET consumption by 23% comparing to 2014 baseline.
Training and Awareness	<ul style="list-style-type: none"> Provide basic EMS training to team members Provide Smart Drivers training to truck drivers for increasing fuel efficiency Provide Emergency Preparedness and Response training to team members 	<ul style="list-style-type: none"> 42 employees were trained with basic EMS training. Smart Drivers training has been provided to 12 drivers with coordination with FleetSmart Emergency Preparedness and Response training was provided to 32 team members from the warehouse, central kitchen and support center.
Community Participation	<ul style="list-style-type: none"> Participate community events as corporate volunteers 	<ul style="list-style-type: none"> In 2016, we participated in a Philly Spring Cleanup event for cleaning Schuylkill river bank

ENVIRONMENTAL MANAGEMENT SYSTEM

► Our Approach

PDC seeks to minimize the environmental impacts of its business activities through continuous improvements. We follow the Plan, Do, Check and Act cycle of the Environmental Management System (EMS) to continually improving environmental performance within our facilities. A structured EMS helps to identify opportunities with respect to the environmental performance so that the company can improve its environmental performance on its significant environmental aspects. The EMS ensures to establish the company's environmental objectives, targets, and programs as well as measure environmental performances.





ENVIRONMENTAL MANAGEMENT SYSTEM

► TARGET & PROGRESS

Target: Establish Environmental Management System (EMS) by 2017

Progress: **ACHIEVED.** We have achieved this target in October, 2016 by receiving ISO 14001:2004 EMS certificate. Our facilities went through independent third party audit and found fully compatible with ISO 14001:2004 standards. This means we have implemented and maintained the international standard set by the International Standard Organization (ISO) for improving our organization's environmental performance. This certification further confirms that we identify and assess environmental impacts of our business activities, and monitor, self-correct and continuously improve our processes for better environmental performance.



**ISO 14001:2004
CERTIFIED**
ENVIRONMENTAL MANAGEMENT SYSTEM

OUR NEXT STEP:

Our next step will be to maintain and upgrade the EMS into ISO 14001:2015 version.





WASTE MANAGEMENT

► Our Approach

We are committed to “Reduce, Reuse and Recycle” the waste generated from our facilities. These practices help to increase the waste diversion from landfill. We are practicing source reduction by improving efficiencies and assessing the needs. We have implemented a KANBAN system in our corporate office for office supply management, which is helping to reduce the office waste. We reuse wooden pallets and cardboard in our warehouse. When reuse is not possible, we recycle all the recyclable materials.



WASTE MANAGEMENT

► TARGET & PROGRESS

Target: 10% increase in waste diversion rate by 2017 compared to 2015

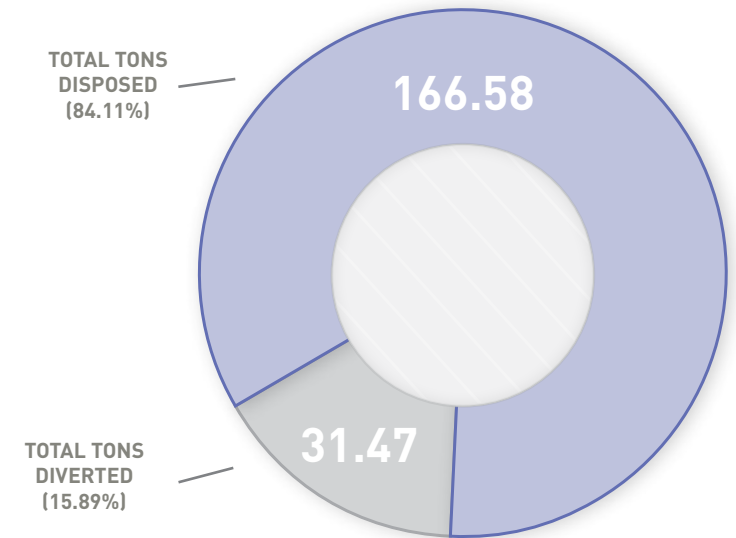
Progress: ON TRACK. We were able to increase our waste diversion rate from 15.89% in 2015 to 22.40% in 2016, which is 6.51% increase. Total 36.70 tons of waste from our three major facilities, Central Kitchen, Warehouse and Corporate Office was diverted from landfilling. We developed a recycling guideline based on local recycling regulations and implemented full recycling in our facilities. We created employee awareness. We also established a partnership with EPA WasteWise program for increasing waste diversion rate.

WasteWise is an EPA's nationally recognized program that provides a tool to benchmark, measure and communicate our efforts for waste management. It also helps us to track individual waste streams, track our progress over time and identify additional opportunities for waste reduction.

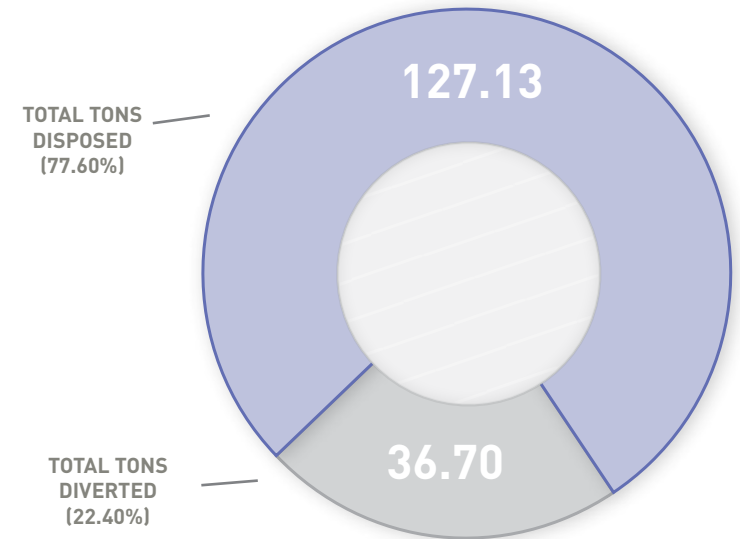
OUR NEXT STEP:

Our next step for waste management is managing organic waste generated from Central Kitchen for increasing waste diversion rate and continuously tracking waste data.

2015 DIVERSION RATE REPORT



2016 DIVERSION RATE REPORT



WATER REDUCTION

► Our Approach

Water is a very important resource for every business whether we sell food, electronics or clothes. Water use is increasing due to population and economic growth. Water is a finite resource, therefore, it cannot fulfill the unlimited demand. Due to increase in water use and depletion of usable freshwater resources, water scarcity is one of the emerging risks to corporations after carbon. Water scarcity will likely become more acute as the impact of climate change increases. Therefore, corporations should not mismanage the water resource.

At PDC, we have realized the importance of water resource and committed to minimizing the use by increasing the efficiency. We have implemented water reduction procedure at our Central Kitchen. We regularly track our water use from our major facilities.



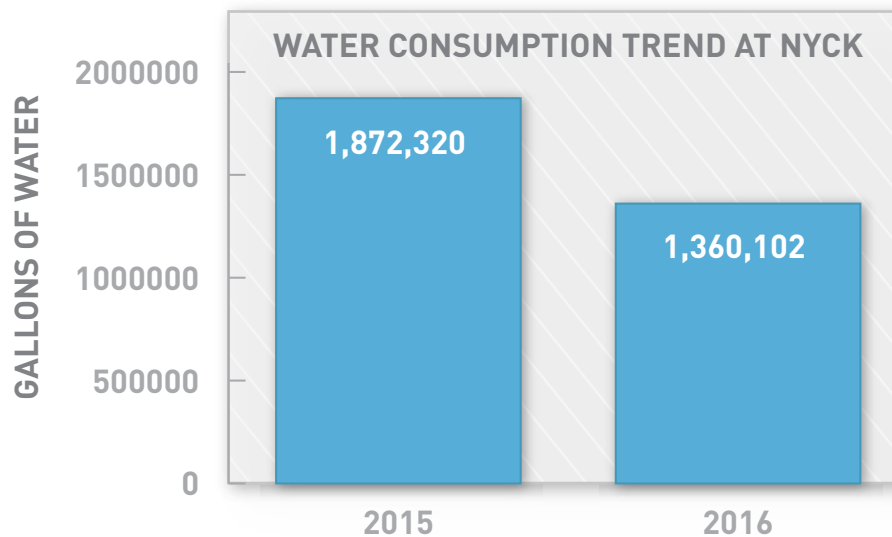


WATER REDUCTION

► TARGET & PROGRESS

Target: 5% reduction in water consumption at NYCK by 2018

Progress: **ON TRACK.** In 2016, 27% reduction in water consumption achieved compared to 2015. We started to track our water consumption from our major facilities. We developed and implemented water reduction procedure at NY Central Kitchen. Created employee awareness for increasing the efficiency of water use.



New York Central Kitchen Relocation



EMISSION REDUCTION

► Our Approach

Climate change is one of the most challenging environmental issues that the world is facing today. As a food company, PDC recognizes the risks that climate change brings to the environment. Changes in climate not only affect global food security but also our raw materials supply. By realizing this, PDC's top management has committed to reducing greenhouse gas emissions from its operations.

As a first step, we focused on fleet emissions reduction, which comprise the highest percentage of our direct emissions. In our next step, we will focus on all other scope 1 and scope 2 emissions plus some of the scope 3 emissions of our facilities.

PDC fully supports the actions and investments needed for a sustainable low carbon future. It also supports the Paris Agreement's central aim to strengthen the global response to the threat of climate change by keeping a global temperature rise this century below 2 degrees Celsius. As a responsible business, we are committed to set science-based greenhouse gas reduction target within our organization for achieving this global goal.



EMISSION REDUCTION

► TARGET & PROGRESS

Target: 10% fleet emission reduction by 2017 comparing to 2014 Baseline.

Progress: ON TRACK. From 2014 to 2016, we were able to reduce our normalized fleet emissions by 12.99% [grams/ton-mile CO₂]. In 2015, we were able to reduce 12.96% [MTCO₂e] absolute amount of greenhouse gas emission from our trucks compared to 2014 baseline. However, the number of trucks were increased in 2016 due to which our absolute greenhouse emissions also increased. As PDC is a rapidly growing company it is expected that, the number of trucks will go up every year. To address this, we decided to normalize our emission reduction target. We adjusted our greenhouse gas reduction target from absolute to intensity-based target. The intensity-based target will support the clean growth of the organization while reducing the greenhouse gas emissions by increasing the efficiency of the fleet operations. Our normalized intensity-based target will be measured in grams/ton-mile CO₂.

► For reducing fleet emissions, we are continuously practicing sustainable transportation procedure for our truck operation. We provided Smart Drivers training to our truck drivers for increasing fuel efficiency. Our trucks are equipped with improved aerodynamic devices, low rolling resistant

auto inflation tires and idle reduction technology. We are also practicing fuel-efficient strategies such as intermodal transfer, highway speed control, and improved freight logistics.

Moreover, we successfully completed our 2016 emissions reporting with EPA SmartWay and able to maintain a transportation partnership with EPA SmartWay Program. SmartWay's Partner tools were used to measure progress toward cleaner air and more sustainable business practices. The SmartWay program helps companies advance supply chain sustainability by measuring, benchmarking, and freight transportation efficiency. By maintaining SmartWay Transport Partnership, PDC demonstrates its strong environmental leadership and corporate responsibility.



OUR NEXT STEP:

Continuing the practice of a sustainable transportation procedure for truck emission reduction and developing strategies for reducing car emissions. We will monitor emissions continuously. We will also conduct systematic greenhouse gas inventory based on the greenhouse gas protocol and develop an overall greenhouse gas reduction plan for PDC.

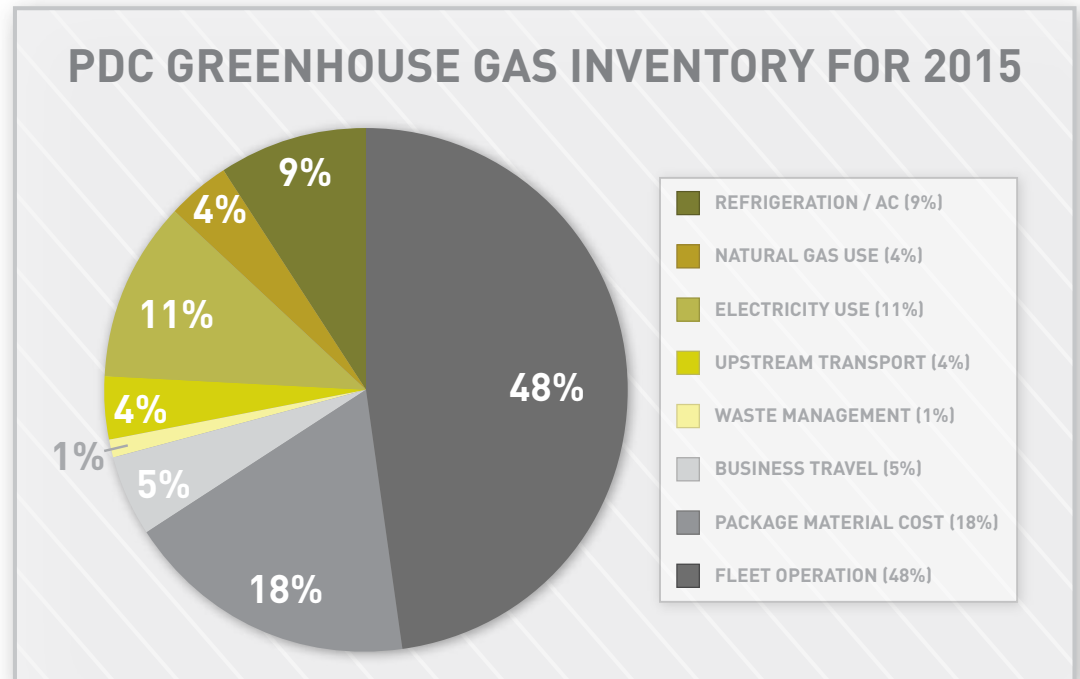
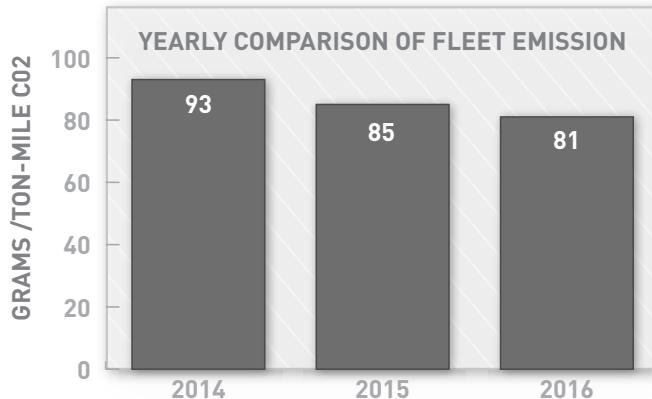


EMISSION REDUCTION

► TARGET & PROGRESS

Target: Conduct Greenhouse gas inventory and set reduction target by 2017

Progress: ON TRACK. A systematic greenhouse gas inventory has been completed for 2015. Based on 2015 inventory, PDC has the highest footprint on fleet operation followed by packaging material purchase and electricity use. We will complete 2016 greenhouse gas inventory and set the science-based reduction target after reviewing two years' trend.



The PDC greenhouse gas inventory was conducted based on The Greenhouse Gas Protocol developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). During this inventory, we have included all scope 1 and 2 emissions, and some of the scope 3 emissions.

OUR NEXT STEP:

We will continuously monitor greenhouse gas emissions and set science-based reduction target with a detail reduction plan for PDC. We will continuously practice the sustainable transportation procedure for truck emission reduction and develop strategies for reducing car emissions.

ENERGY CONSERVATION

► Our Approach

Energy use is the significant source of greenhouse gas emissions. Using energy more efficiently enables us to reduce our carbon footprint and conserve natural resources. Therefore, we are committed to reducing energy consumption in our facilities. In 2015, we replaced 350 CFL bulbs with 350 LED in our sushi cases reducing our energy consumption for illuminating sushi cases by 65%. From then, we are continuously using LED bulb in our new showcases.

In addition, our IT department is only purchasing Energy Star certified office electronics from 2015. We review the Energy Star status carefully before purchasing any electronics. In 2016, we purchased 53 laptops and 11 monitors with Energy Star certification and achieved 30% annual energy saving comparing to regular electronics purchase.





ENERGY CONSERVATION

► TARGET & PROGRESS

Target: Implement Computer Power Management to office computers

Progress: OFF TRACK. Our IT department faced some technical problems during implementing computer power management. However, we have extended the implementation due date for this program. We will implement this by the end of 2017 by implementing proper corrective actions.

Target: Implement motion sensitive lighting at Central Kitchen by 2017

Progress: OFF TRACK. This target was out of track due to moving plan of the Central Kitchen. We have extended the target date for implementing this in our new location. We will implement motion sensitive lighting in our new facility by the end of 2018.



OUR NEXT STEP:

Our next step is implementing motion-sensitive lighting to our Central Kitchen and implementing Computer Power Management (CPM) in our office computers. We will also continue tracking our energy consumption for future strategies.



SUSTAINABLE SOURCING

► Our Approach

Increasing the sustainability of our products is our top priority. Sustainable sourcing practice is very important for increasing our overall environmental performance. We believe that our customers have the right to know more about where our food comes from and how it is made. We are committed to using local and sustainable ingredients in our product. We purchase our produce locally from a local vendor. Moreover, we purchase sustainable products from responsible suppliers.



SUSTAINABLE SOURCING

► TARGET & PROGRESS

Target: 100% seafood purchase based on Seafood Watch guide or other third-party ecolabel by 2016.

Progress: ACHIEVED. We have achieved this target by phasing out our last uncertified item in Q4 2016. Now, PDC only carries seafood that is either ranked green or yellow by Seafood Watch or certified with third party ecolabel. We are fully implementing sustainable purchasing procedures to purchase seafood. We go through sustainability review process before buying any new seafood. We review seafood sustainability based on the species name, origin and fishing method.

Traceability is our top priority. We can track most of our species back to the boat or farm level. We do not buy any seafood that is listed as 'Avoided' in the Seafood Watch ranking or not covered by Seafood Watch and other third party certification.



OUR NEXT STEP:

Our next step is continuously looking for best available sustainable ingredients for our product, and fully implement the supplier's code of conduct in our supply chain.

SUSTAINABLE PACKAGING

► Our Approach

Most of our products require some form of packaging. Packaging is very essential for keeping food safe, but it also has significant environmental footprints. As our business grows rapidly, a number of required packaging materials is also growing. However, we are committed to using sustainable packaging to increase our product sustainability. We conducted life cycle assessment of three PET, PP and PS containers to find the most sustainable option for our product packaging. Based on this study, we found that PET is the most sustainable option comparing to other two options. Therefore, our strategy is to increase the use of recyclable PET packaging containers instead of PS and PP containers, and implement full recycling in our stores. .

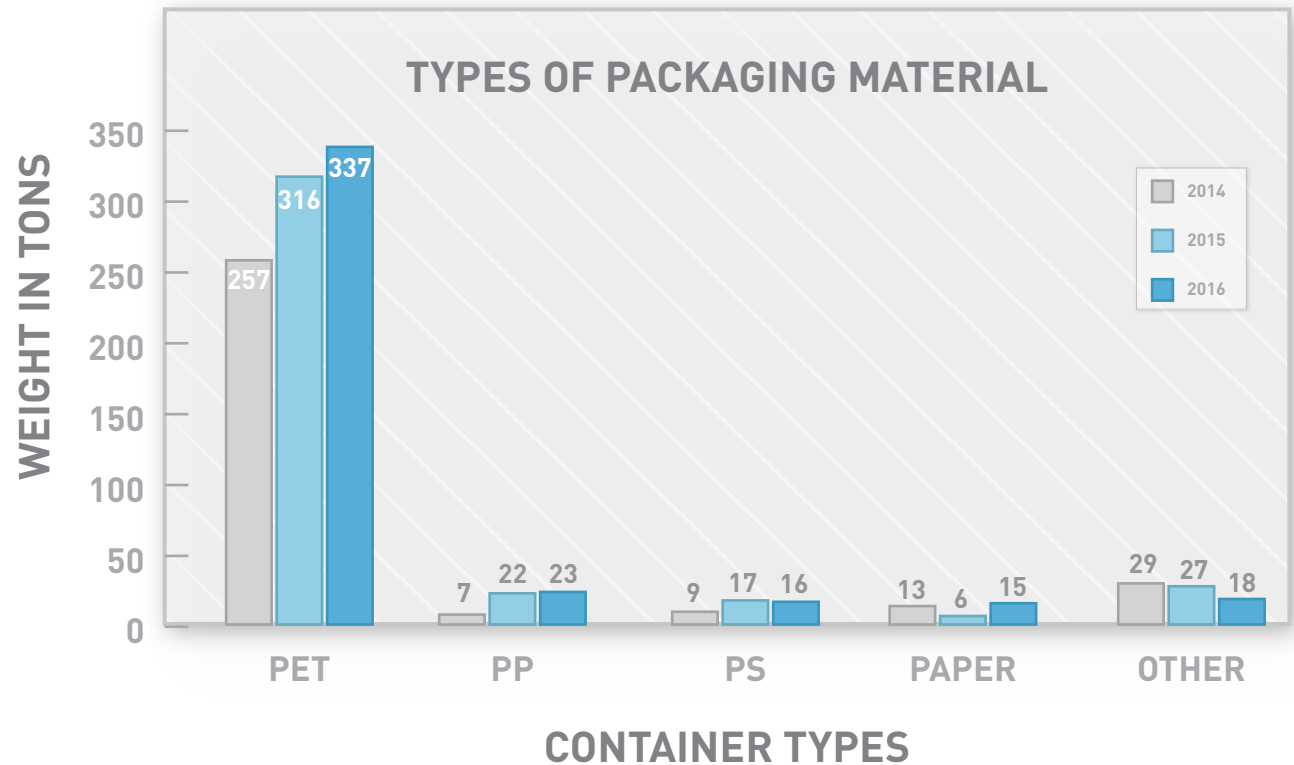


SUSTAINABLE PACKAGING

► TARGET & PROGRESS

Target: 25% increase in the use of recyclable PET containers by 2016.

Progress: ACHIEVED. From 2014 to 2016, our PET consumption increased by 30.71%. This increase was mainly due to our business growth. However, we are also avoiding the use of Polystyrene (PS) and other containers wherever PET is applicable. Based on lifecycle assessment, we found that PET is the most sustainable option comparing to other plastic packaging options so we are committed to increasing the use of PET and implement full recycling in our facilities.



OUR NEXT STEP:

Our next step is to eliminate the use of PS containers. We will work for identifying lightweight containers. Light-weighting of containers helps to reduce company carbon footprint by saving resources. We will also look for available recycled PET (rPET) packaging options for our product.



TRAINING AND AWARENESS

► Our Approach

We understand that our environmental footprint can also be reduced through training and awareness programs. These kinds of programs also help our team members to reduce their environmental footprint from their day-to-day activities and encourage sustainable living. Therefore, we are committed to providing environmental training and awareness to our employees. Our strategy is to provide basic and job specific training. The purpose of the basic training is to increase the employee's awareness whereas the purpose of the job-specific training is to provide necessary information for performing their jobs in a more sustainable way.



TRAINING AND AWARENESS

► ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) TRAINING

We provide EMS training to our employees for educating them about company's Environmental Management System including major environmental aspects and impacts of the company activities. This training also keeps employees aware of their role for increasing company's environmental performance. Total fifty team members received this training in 2016.

► WASTE MANAGEMENT TRAINING

We provide recycling training to our team members. We provide Leftover recycling training to our store level team members for segregating recyclables from leftovers. Furthermore, we provide paper reduction training to our office team members for reducing paper consumption. We have integrated this training with new hire orientation so that all new team members will start to manage their waste from the first day of their job.

► SMART DRIVERS TRAINING

We provided Smart Drivers training to our 12 truck drivers for reducing emissions by reducing fuel consumption. The training material was developed by Fleet Smart, Canada for increasing highway truck fuel efficiency. We coordinated with Fleet Smart for accessing training material and tracking the training completion.

► EMERGENCY PREPAREDNESS AND RESPONSE TRAINING

In 2016, we developed emergency action plans for our major facilities and provided Emergency Preparedness and Response training to 32 employees based on the plan. This training was focused on what employees need to do in case of an environmental emergency such as fuel spill and fire.



OUR NEXT STEP:

Our next step is to continue environmental training to our new team members and provide water reduction training to Central Kitchen employees. We will also provide Smart Drivers Training to new truck drivers and sustainable purchasing training to our new purchasing staff in 2017.

COMMUNITY PARTICIPATION

Our Approach

We are aware that the environmental impacts can also be minimized by helping others to reduce their footprint, and it is only possible with strong community participation and support. We are committed to increasing the impact in local communities through corporate volunteerism. We promote our employees to participate in local community events for making positive impacts. For this, our strategy is to establish the link with the government, nonprofit and community organizations and participate with them in building a sustainable community.





COMMUNITY PARTICIPATION

► In 2016, our corporate office employees participated in the Philly Spring Cleanup event organized by Philadelphia Streets Department. A total of ten PDC volunteers were involved for cleaning the Schuylkill Banks. Similarly, several employees from our store level also participated in local community events for making positive impacts in their communities.



Pictured: Davide Horn



Pictured from left to right: Bethany Robinson, Nhu Vo, Davide Horn, Ganesh Pokhrel



Pictured from left to right: Jen Choy, Bethany Robinson, Davide Horn, Deshndri Natalia, Ganesh Pokhrel, Regan Pokhrel, Sammy Choy, Nhu Vo, Priya Roychowdhury



Pictured: Bethany Robinson



ABOUT THIS REPORT

This is our annual sustainability report based on our 2016 performance. We are committed to disclosing the most accurate information to our stakeholders and the public through this report. All the quantitative data presented in this report is based on 2016 operations. The information provided in this report reflects the progress towards our environmental objectives and targets. If you have any questions regarding this report, please contact us at 267-530-2601 or info@genjiweb.com.